

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION

PERFORMANCE & COMPENSATION COMMITTEE OPEN SESSION

MINUTES OF MEETING

May 14, 2007

The Performance and Compensation Committee met on Monday, May 14, 2007, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 1:27 p.m. and the following members were present:

Tony Oliveira
Robert Carlson
Debbie Endsley representing David Gilb
James Zerio representing Bill Lockyer
Kurato Shimada
Charles Valdes

AGENDA ITEM 2 – APPROVAL OF THE APRIL 14, 2007 PERFORMANCE AND COMPENSATION COMMITTEE MEETING MINUTES

The minutes were approved as presented.

AGENDA ITEM 3 – ELECTION OF COMMITTEE CHAIR AND VICE CHAIR

Priya Mathur was elected Chair and Tony Oliveira was elected Vice Chair of the Performance and Compensation Committee.

AGENDA ITEM 4 – THIRD QUARTER STATUS REPORTS ON PERFORMANCE PLANS OF THE CHIEF EXECUTIVE OFFICER, CHIEF ACTUARY, CHIEF INVESTMENT OFFICER AND HIS DIRECT REPORTING STAFF

Chris O'Brien, Human Resources Division Chief, presented, as an action item, the third quarter status reports for the Chief Executive Officer, Chief Actuary, Chief Investment Officer and Senior Investment Officers. Proposed changes to the plans of the Senior Investment Officer, Global Equity and the Senior Investment Officer, Real Estate were described. A question was raised regarding the Total Fund performance measure in the plans of the investment management staff. It was agreed that information would be provided at the June committee meeting on the development of the performance measures.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** the Board accepted the third quarter status reports for the Chief Executive Officer, Chief Actuary, Chief Investment Officer and His Direct Reporting Staff.

AGENDA ITEM 5 – CHANGES IN SENIOR PORTFOLIO MANAGER AND PORTFOLIO MANAGER PERFORMANCE PLANS

Ms. O'Brien presented, as an information item, the changes approved by the Chief Executive Officer and Chief Investment Officer in the plans of two Portfolio Managers

AGENDA ITEM 6 – 2006-2007 PERFORMANCE PLAN FOR RECENTLY APPOINTED PORTFOLIO MANAGER, FIXED INCOME AFFILIATED FUNDS (FIRST READING)

Ms. O'Brien presented, as an action item, the performance plan and duty statement for the recently appointed Portfolio Manager, Fixed Income Affiliated Funds for first reading.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** the Board approved the first reading of the 2006-2007 performance plan for the Portfolio Manager, Fixed Income Affiliated Funds.

AGENDA ITEM 7 – 2006-2007 PERFORMANCE PLAN FOR RECENTLY APPOINTED PORTFOLIO MANAGER, FIXED INCOME COMMODITIES (FIRST READING)

Ms. O'Brien presented, as an action item presented the performance plan and duty statement for the recently appointed Portfolio Manager, Fixed Income Commodities for first reading.

On **MOTION** by Mr. Shimada, **SECONDED** and **CARRIED** the Board approved the first reading of the 2006-2007 performance plan for the Portfolio Manager, Fixed Income Commodities.

AGENDA ITEM 8 – HUMAN RESOURCES DIVISION REPORT

Ms. O'Brien reported on the status of the Chief Operating Investment Officer examination and the request regarding CEA incentive compensation recently submitted to the Department of Personnel Administration.

AGENDA ITEM 9 – PROPOSED JUNE 2007 AGENDA

The draft agenda for the June 2007 Committee meeting was reviewed and accepted.

The meeting was adjourned at 1:40 p.m.

The next Performance and Compensation Committee meeting is scheduled for June 15, 2007, in Sacramento, California.